



CONGRESSIONAL HEARING RESUME

106TH Congress

Date: 1 Mar 00

SUBJECT: Real Property Maintenance and Infrastructure Funding

COMMITTEE: Subcommittee on Military Readiness, House Armed Services

CHAIRMAN: The Honorable Herbert H. Bateman (R-VA)

**MEMBERS
PRESENT (*):**

REPUBLICANS

***Bateman, Herbert H. (VA)**
***Fowler, Tillie (FL)**
Sherwood, Don (PA)
Chambliss, Saxby (GA)
Jones, Walter (NC)
Riley, Bob (AL)
Gibbons, Jim (NV)
Hunter, Duncan (CA)
***Hansen, James (UT)**
Weldon, Curt (PA)
Talent, James (MO)
***Everett, Terry (AL)**

DEMOCRATS

***Ortiz, Solomon (TX)**
***Sisisky, Norman (VA)**
Pickett, Owen (VA)
Spratt, John (SC)
Blagojevich, Rod (IL)
***Smith, Adam (WA)**
Underwood, Robert (Guam)
***Maloney, James (CT)**
***Rodriguez, Ciro (TX)**
McIntyre, Mike (NC)

WITNESSES:

Mr. Randall Yim, Deputy Under Secretary of Defense (Installations)

Maj General Robert Van Antwerp, Asst Chief of Staff for Installation Management, Army

Rear Admiral Lew Smith, Commander, Naval Facilities Engineering Command

Maj General Harold Mashburn, Asst Dep Chief of Staff, Installations and Logistics, USMC

Maj General Earnest O. Robbins II, The Civil Engineer, United States Air Force

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EXECUTIVE SUMMARY: The hearing addressed the underfunding and transfer of funds in Real Property Maintenance (RPM) accounts. The first panel of GAO representatives covered the highlights of a GAO audit released on 29 Feb 00, *Defense Budget: Analysis of Real Property Maintenance and Base Operations Fund Movements*. The audit evaluated the migration of funds in and out of RPM from FY94-95 to various accounts, the reasons for the movement, and the repercussions on facility and infrastructure. The second panel of OSD and Service reps answered specific questions about RPM funds management and trends within each Service during the budget cycle and execution years. . Mr Yim emphasized the establishment of a cross-service board to address issues of RPM requirement representation and advocacy. Chairman Batemen lamented about the “RPM crisis”, resulting in deteriorated facilities and crumbling infrastructure due to years of neglect. He expressed serious concerns with the management, accountability, and absence of standards among the Services. Other Members attributed an overall lack of funds to unforeseen contingencies and suggested an increase in Congressional reporting requirements, a standard methodology, as well as possible fences erected within appropriations to preempt migration. Other topics included the need for one or two additional rounds of BRAC (Mr Yim advocated for two, FY03 and FY05, to reduce infrastructure by around 23%), the sustainment of historic structures, and the ranking/size of RPM requirements in the Chief’s unfunded priority lists.

The hearing convened at 1005

Chairman Bateman’s opening remarks: Very disturbing trend over last 6 fiscal years as RPM backlog across the services has grown from \$6.9B in FY92 to 14.6B in FY98. Considers the deterioration of facilities and infrastructure a crisis. Also concerned that RPM funds are migrating to pay for contingencies and other last minute bills. Wants to know what Congress can do to assist the Services in establishing a methodology to accurately portray the detrimental effects of insufficient RPM levels to senior Service leadership. Would like to see the impact on readiness in the form of a recurring report to the subcommittee, other than anecdotal data. Also, concerned that the Services are not spending enough money on the demolition of deteriorated facilities

Some Key Comments, Questions, and Answers:

- **GAO:** Over the last eight years, we’ve seen a 40% reduction of RPM/BOS funding against a 20% reduction in facilities and infrastructure
- **GAO:** Funds migration worked both ways, as RPM levels seemed to rise as the FY closed
- **GAO:** No clear standard across the Services for determining facility conditions
- **CM Sisisky:** “Isn’t the problem just a lack of money? Everytime we get into another contingency, money gets tapped from O&M accounts. Maybe we need to fence the RPM account like MILCON”
 - **Mr Yim:** Fencing the money will restrict the Service’s ability to migrate funds into RPM.
 - **Gen Robbins:** We tend to be under-funded in the budget process itself and so to determine how much we didn’t get because a contingency comes along becomes a pretty difficult accounting problem.
- **CM Fowler:** Why are the MAJCOMs asking for such a small percentage of their backlogged requirements?

- **All Services:** Partly an issue of competing requirements and also a question of executability without limiting impact to the mission
- **CM Sisisky:** I have a real hard time listening to the Services say they are funded to "90% of their requirement. "You've been snookered!" (directed at Army)
- **CM Sisisky:** Are we really saving money from outsourcing and privatizing our public works?
- **ADM Smith:** Although predictions of savings may have been over estimated, we do see some incremental reductions in costs
- **CM Sisisky:** Isn't BOS broken worse than RPM?
- **All Services** - BOS is suffering from extreme underfunding as well
- **CM Bateman:** Why does money move in both directions?
- **All Services:** RPM seems to get underfunded during the budget cycle, then sees an increase during execution year.
- **CM Bateman:** Happy to see that OSD is taking the lead in developing some benchmarks against commercial standards that could be used to develop a long-range strategic plan.
- **Gen Robbins:** "The beauty of the facility sustainment model advocated by OSD will be that because it is based on and benchmarked on commercial standards, it will allow us to better articulate and justify our requirements with the senior leadership of our Services.
- **CM Bateman:** Why two new BRAC rounds instead of a well planned single plan?
- **Mr Yim:** There is an estimated 23 percent excess infrastructure in DoD and it would be "too big a bite to take in one round." He said the 93 BRAC round "showed you need to tweak and adjust." Emphasis also needs to be on realignment, not just closure. He did say one round would be acceptable.
- **CM Bateman:** The BRAC is a "turbulent and traumatic phenomena for communities. I have some hesitation whether we need to put them through it twice, when we could due it soundly once."

The hearing was concluded at 1215.